

## Nigerian Shipping Industry and Trade

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**Abstract:** Shipping truly has been an important catalyst in boosting the Nigerian economy because when mineral oil was first discovered in Nigeria, it had to be exported to other countries of the world and ships were used to make this transportation across the sea to other countries and continents bordered by the sea. However, this does not displace other means of transportation as they are also very important and needed to get goods to and from the ship and for other purposes as well. In this article I will explain the history of shipping in Nigeria and how that has affected the present shipping industries and furthermore to make a connection between the shipping industry and trade in Nigeria.

**Keywords:** Shipping; Nigerian economy; means of transportation

### 1 Introduction

Shipping plays a very significant role in the world's economy today as most goods are transported from one country and continent to another via the sea. Even the landlocked countries depend on shipping and especially Nigeria as a country thrives on it.

It is true the world has gone through a great deal of modernization, creating more efficient ways of doing things through invented technologies and even ships have evolved over the centuries to be more efficient and are constructed with greater capacities than many centuries ago.

Shipping truly has been an important catalyst in boosting the Nigerian economy because when mineral oil was first discovered in Nigeria, it had to be exported to other countries of the world and ships were used to make this transportation across the sea to other countries and continents bordered by the sea. However, this does not displace other means of transportation as they are also very important and

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needed to get goods to and from the ship and for other purposes as well. In this article I will explain the history of shipping in Nigeria and how that has affected the present shipping industries and furthermore to make a connection between the shipping industry and trade in Nigeria.

## **2 History of the Nigerian Shipping Industry**

Nigeria is a country located in the western part of Africa on the Gulf of Guinea, and shares boundaries with the Atlantic Ocean in the southern part. This gives her a good opportunity to benefit from international trade as she is positioned in the coastal area and open to receive cargoes from other parts of the world via shipping and also to be in position to transport cargoes to other parts of world. The country's capital is Abuja with English as its official language due to the influence of the British colony on the country from 1900-1960, when she finally gained her independence. However the country has more than 520 native languages and a population of 195,875,237 people in 2018 according to statistics on worldometers [1], and it is the most populated nation in the whole of Africa and is often referred to as "the Giant of Africa". Having the ocean close by, gave her the connections with the European shipping lines. Elder Dempster, a British shipping company was one of such shipping lines which was operated from British ports, having its headquarters there, with destinations in West Africa [2]. However during the World War II, it lost some ships but continued to run passenger services between Liverpool and West Africa accompanied by British submarines. Interestingly, among its passengers were students who had the Nigerian imperial scholarships to study at Oxford and Cambridge universities.

This international shipping line was operating in West Africa and in Nigeria, however, in 1957, the Nigerian national shipping line (NNSL) was formed by the Nigerian government. In this new shipping line established by the Nigerian government, the Elder Dempster line held 33% of its capital, 16% was held by the Palm Line and the Nigerian government held only 51% of its capital at the time. However, in the year 1961, all of the NNSL shares were acquired by the Nigerian government. It is important to note that the Nigerian port authority grew out of structure established by the Elder Dempster shipping line.

In the year 1961, the NNSL began operations with just three vessels and during this new development, the Nigerian seafarers who were working for the British

shipping companies during the colonial era resigned to work for the Nigerian line. Furthermore, the Nigerian troops had free use of the NNSL during the Nigerian civil war which lasted between the year 1967 until 1970 [3].

More so, in 1977 the government of Nigeria gave a command for the construction of new ships which would replace the old ones. Following this command, 19 new ships were constructed and by the year 1979, the NNSL owned 24 ocean going vessels. Later on, In January 1980, the President of the country Shehu Shagari talked to reporters about his first 100 days in office, stating that during this period the NNSL increased its percentage of imported goods from about 8% to 11.3%.

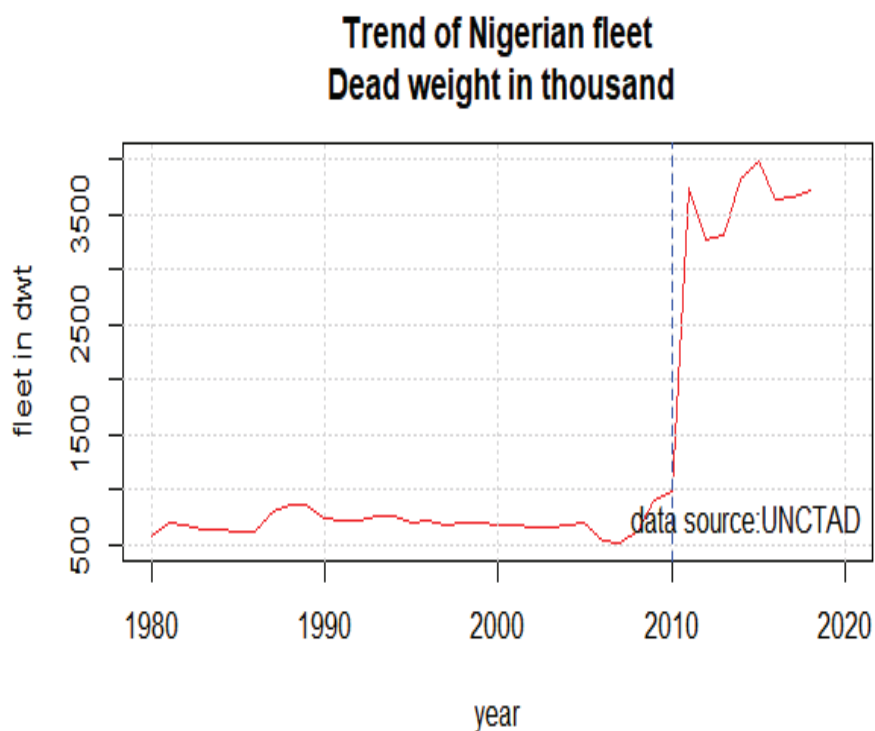
The national maritime authority (NMA) which is presently know today as the Nigerian maritime administration and safety agency (NIMASA) was established by the national Shipping Policy Decree of 1987, and this gave approval for a 50-50 share between domestic and foreign lines for non-conference cargos. Also in 1988 six shipping lines including the NNSL were declared as “national carriers” by the national maritime authority. Notwithstanding, in the year 1988 the 24 ships of the Nigerian national carriers which also includes the NNSL carried only about 11% of the cargoes from the Nigerian ports, whereas, the other remaining 89% of cargoes were carried by foreign shipping lines. The NNSL and other indigenouse private shipping lines experienced further challenges due to the fact that they lacked facilities that were required to attract cargoes and as a result, the Nigerian shipping lines suffered great financial losses. Consequently, because of this financial losses, in the 1990s many of the vessels were seized in various places in the world for alleged breach of contract and also for bills that were not paid. I believe this situation could have averted if there were policies enforced that would protect the Nigerian shipping lines and give more advantages to her against her foreign competitors. Additionally, there would have been a proper management of the shipping industries to make investments in the necessary areas that were essential to attract cargoes because this business of shipping cannot exist without cargoes available for shipment. This is what makes the shipping business, not just the ships but the cargoes as well. Everyone wants the best and for this reason we must give our best to get the best. If proper precautions would have been taken in this regard to invest in the most important things, one being necessary and efficient structures for proper management of cargoes at the port and for loading and unloading of cargoes onboard the vessel more cargoes would have been received in such situations. For it is certain that it was not the absence of cargoes that was the

challenge as, there were cargoes constantly being transported from the country to other parts of the world but the lack of efficiency and proper management. Nigeria suffered great losses in her shipping industry due to the previously mentioned challenges.

The NMA had the obligation of supervising the marine pollutions and oil spillages in the Nigerian waters. Nonetheless, before the national shipping decree of 1987 was made, there was a great lack of organization in the Nigerian maritime industry, there were neither structures nor policies enforced for quality development, security and also for the training of manpower in the maritime industry. Despite the efforts made by the NMA to promote the industry's interest there were still great inefficiencies in the Nigerian maritime industry which led to the loss of the Nigerian fleet.

Moreover, after the demise of and subsequent liquidation of the NNSL in September 1995, its asset were assumed the NMA to form a new shipping line, national unity line (NUL). The newly formed company started to experience similar financial challenges like the NNSL did before it was liquidated, subsequently it lost all its vessels, and had just its shipping license.

Presently there are over twenty indigenous shipping companies operating with about 49 vessels which are either chartered or jointly owned. Some of these companies are Morlap, Cardion, Sifax, Daddo Maritime, Clover Leaf, amongst others [4]. Furthermore, Nigeria is world's eighth-largest exporter of oil. Presently, Nigeria as a country owns no fleet, however, there are individuals, and companies who own vessels in Nigeria and only a few are registered under the Nigerian flag.



**Figure 1**

In the above chart, is a representation of the trend of the Nigerian fleet according to its flag of registry and also includes all ship type. The graphical representation, portrays the trend of Nigerian fleet from 1980 to 2018. Careful observation of this trend shows that there was a huge increase in the fleet capacity from 2010.

### **3 Nigeria's Trade**

Trade is the very foundation of the shipping industry in Nigeria and all over the world. The need for different commodities in various countries of the world has given birth to international trade. This exchange of commodities for other commodities or for money has been in existence for a long time, all the way back in history. Presently the international trade has gone through a great deal of modernization with the presence of new technologies which has made international

trade more efficient today than it was many centuries ago. The presence of this technologies has aided the easier communication between buyers and sellers all around the world. Ships are one out of many of such technologies which transports hundreds and thousand tons of goods all round the world.

Consequently, Nigeria as a country has benefited from the presence of new technologies which improved her international trade over the years. With the presence of new technologies, oil was discovered in Nigeria this discovery of oil boosted Nigeria's economy and relations with other nations around the world as she became the number one exporter of oil in Africa and is ranked as the 8<sup>th</sup> oil exporting country in the world and the 4<sup>th</sup> liquefied natural gas exporter in the world. Also, Nigeria is the 51st largest export economy in the world.

**Table 1. Export partners [5]  
NIGERIA'S TOP 10 EXPORT PARTENERS**

COUNTRY	EXPORT USDS\$
INDIA	\$7,938,340,178
UNITED STATES	\$5,672,187,398
SPAIN	\$4,401,172,457
NETHERLANDS	\$3,765,995,389
FRANCE	\$3,410,700,032
SOUTH AFRICA	\$1,982,462,604
CANADA	\$1,538,857,871
INDONESIA	\$1,480,282,751
UNITED KINGDOM	\$1,199,897,876
TOGO	\$1,041,741,984

The table above shows the Nigeria's top ten export countries in 2017 and the value of commodities exported to each of these countries from Nigeria.

**Table 2. Import partners [6]**  
**NIGERIA'S TOP 10 IMPORTING PARTENERS**

COUNTRY	IMPORT USD\$
CHINA	\$5,847,733,761
BELGIUM	\$4,022,510,246
NETHERLANDS	\$2,876,414,286
UNITED STATES	\$2,494,134,436
INDIA	\$1,528,779,250
GERMANY	\$1,256,012,868
UNITED KINGDOM	\$1,207,027,479
FRANCE	\$1,131,580,962
ITALY	\$947,886,675
BRAZIL	\$801,011,412

The above table shows the top 10 countries that Nigeria imports goods from and the worth of good from each country in USD, in 2017. Also, it can be observed that 6 out of the 10 countries, are from Europe and the other 4, with 2 from America and 2 from Asia.

**Table 3. Nigeria's total trade in 2017**

**TOTAL TRADE IN 2017**

TOTAL EXPORTS	\$44,466,366,757
TOTAL IMPORTS	\$31,270,090,265
TRADE BALANCE	\$13,196,276,492

The table above shows the trade balance of Nigeria in 2017, which is a trade surplus.

**Table 4. Exported goods. [7]**  
**NIGERIA'S TOP 10 EXPORTED GOODS**

COMMODITIES	EXPORT USD\$
OIL AND MINERAL FUELS	\$42,701,824,925
SHIPS AND BOATS	\$268,547,271
COCOA	\$256,107,554
OIL SEEDS	\$197,339,596
FERTILIZERS	\$165,723,600
TOBACCO	\$111,520,965
PLASTIC	\$85,160,146
FRUIT AND NUTS	\$80,654,621
HIDES AND LEATHER	\$73,906,080
RUBBER	\$59,909,093

The table portrays the information about different types of commodities exported from Nigeria to other countries of the world. Also from this table, it can be observed that Nigeria's biggest exported product is oil and mineral fuels and the agricultural products are lesser in percentage since oil and mineral fuel takes about 91% of her total exports.

**Table 5. Imported goods [8]**  
**TOP 10 IMPORTED GOODS IN NIGERIA**

COMMODITIES	IMPORT USD\$
OIL AND MINERAL FUELS	\$8,740,669,830
INDUSTRIAL MACHINERY	\$4,255,838,172
ELECTRICAL MACHINERY	\$1,891,318,095
MOTOR VEHICLES AND PARTS	\$1,618,638,822
CEREALS	\$1,556,638,645
PLASTIC	\$1,453,730,463
SEAFOOD	\$751,322,229
NATURAL MINERALS AND STONE	\$746,934,951
IRON AND STEEL ARTICLES	\$726,595,749
CHEMICAL PRODUCTS	\$702,453,497

The table above, displays the goods that are imported to Nigeria and their worth in USD.

Furthermore, during the colonial years, Britain was Nigeria's leading trading partner and in the year 1955, 70 percent of Nigeria's exports went to Britain and 47



percent of its imports came from Britain [9]. However, by 1976 Britain's share of Nigerian exports and imports dropped to 38 percent and 32 percent respectively. Consequently, after Nigeria, became an independent nation, it diversified its trading partners and this diversification has lead the country to have trade with about 100 countries worldwide. Eventually, in 1970, the United States replaced Britain as the main trading partner. Notwithstanding, Britain still remains Nigeria's leading vendor, selling the former colony more than 14 percent of its imports in the 1990s. Nigeria's minor trade with Eastern Europe and the former Soviet Union declined even further after the collapse of Euro- Communism and the breakup of the Soviet Union in the early 1990s.

#### **4 Conclusion**

I have tried to show the history of the Nigerian shipping industry and to highlight some of the significant challenges the industry has under gone over the years and to also observe how this has affected the present day industry. From my research I conclude that this issues have not yet been properly addressed.

It is true there are shipping companies in Nigeria most of which are foreign companies and also most of the vessels operating on the international waters are registered under other national flags however, the country does not own any vessel or fleet and this is a situation that should be reconsidered by the maritime and government authorities considering that there is manpower which the government had sponsored to be formally and practically trained and have gained knowledge and skill to properly manage the shipping business and ships.

Furthermore, taking this step will create many job opportunities for both old and new seafarers and will reduce the cost for foreign manpower and further, boost the nation's economy and also maximize its full potentials. Also I suggest that the maritime authorities and the government of Nigeria should make investment in upgrading the ports and getting more quality infrastructures to attract more vessels to the Nigerian port. Likewise, I will propose that the nation's flag of registry be upgraded to the required standard in order to attract vessel owners to register under its flag.

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